

Message Text

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53

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 PA-02 PRS-01

USIA-15 COME-00 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01

SAB-01 ABF-01 FSE-00 /114 W

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R 201046Z FEB 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 312

INFO EMBASSY BEIRUT 4920

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

UNCLAS TEHRAN 1669

E.O. 11652: NA

TAGS: EFIN, IR

SUBJ: CENTRAL BANK OF IRAN ANNOUNCES 1.46 PERCENT RE-
VALUATION OF RIAL AGAINST DOLLAR

REF: TEHRAN 1461

1. THE CENTRAL BANK OF IRAN ON FEBRUARY 19 ANNOUNCED A 1.46 REVALUATION OF THE IRANIAN RIAL AGAINST THE U.S. DOLLAR. THE EFFECTIVE NEW RATE IS 66.516 RIALS PER DOLLAR BUYING AND 66.766 SELLING. ACCORDING TO THE ANNOUNCEMENT, THE RATE WAS CHANGED IN COMPLIANCE WITH THE NEW POLICY ANNOUNCED ON FEBRUARY 12 WHICH CHANGED THE RIAL'S LINK FROM THE U.S. DOLLAR TO THE SPECIAL DRAWING RIGHT (SDR) AND STATED THAT AN ADJUSTMENT WOULD BE MADE WHEN THE DOLLAR'S FLUCTUATION FOR FIVE CONSECUTIVE DAYS EXCEEDED THE 2.25 PER CENT MARGIN IN EITHER DIRECTION OF ITS OWN

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VALUE IN RELATION TO THE SDR (SEE REFERENCE).

2. ACCORDING TO FEREIDUN NADERI, DIRECTOR OF THE CENTRAL BANK'S FOREIGN DEPARTMENT, THE AMOUNT OF THE RIAL APPRECIATION WAS ARRIVED AT BY RELATING THE HYPOTHETICAL RIAL/DOLLAR RATE OF 68.175 TO THE RIAL/SDR RATE OF 82.2425. A 2.25 PER CENT RE-VALUATION FROM 68.175 RESULTS IN RLS 66.6408 TO THE U.S. DOLLAR (THE MID-POINT BETWEEN THE NEW BUYING AND SELLING RATES). THE EFFECTIVE PERCENTAGE REVALUATION OF 1.46 WAS ARRIVED AT IN RELATION TO THE OLD ACTUAL RATES OF 67.50 BUYING AND 67.75 SELLING WHICH HAD BEEN USED BOTH WHEN THE RIAL WAS PEGGED TO THE DOLLAR AND UNTIL CLOSE OF BUSINESS ON FEBRUARY 19. NADERI SAID FUTURE RIAL/DOLLAR ADJUSTMENTS WOULD BE AT 2.25 PERCENT.

3. THE REVALUATION ANNOUNCED ON FEBRUARY 19, AND SUBSEQUENT RIAL/DOLLAR EXCHANGE RATE ADJUSTMENTS ARE BASED ON RATES OF EXCHANGE RECEIVED DAILY BY THE CBI FROM THE INTERNATIONAL MONETARY FUND.
HELMS

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Message Attributes

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Disposition Approved on Date:
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Margaret P. Grafeld
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